Translation

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Year Ended December 31, 2024 [Japanese GAAP]

February 12, 2025

Company name: KOHOKU KOGYO CO.,LTD.
Listing: Tokyo
Securities code: 6524
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Representative: Futoshi Ishii President and CEO
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Scheduled date of annual general meeting of shareholders: March 28, 2025
Scheduled date to commence dividend payments: March 31, 2025
Scheduled date to file annual securities report: March 31, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	15,924	18.2	3,939	40.1	4,856	54.0	3,252	70.8
December 31, 2023	13,472	(14.0)	2,812	(27.6)	3,152	(29.1)	1,904	(37.9)

(Note) Comprehensive income: Fiscal year ended December 31, 2024: ¥ 3,900 million [72.7%]
Fiscal year ended December 31, 2023: ¥ 2,258 million [(36.7)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2024	120.50	-	15.0	18.1	24.7
December 31, 2023	70.55	-	9.9	12.8	20.9

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2024: ¥ - million
Fiscal year ended December 31, 2023: ¥ - million

(Note) On April 1, 2024, the Company conducted a stock split at a ratio of 3 shares for each common share. "Basic earnings per share" is calculated assuming that the stock split was carried out at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	28,684	23,430	81.7	867.95
December 31, 2023	24,973	20,059	80.3	743.23

(Reference) Equity: As of December 31, 2024: ¥ 23,430 million
As of December 31, 2023: ¥ 20,059 million

(Note) On April 1, 2024, the Company conducted a stock split at a ratio of 3 shares for each common share. "Net assets per share" is calculated assuming that the stock split was carried out at the beginning of the previous consolidated fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	3,836	(3,115)	(1,636)	9,799
December 31, 2023	3,577	(1,033)	(1,577)	10,439

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2023	-	0.00	-	60.00	60.00	539	28.3	2.8
December 31, 2024	-	0.00	-	30.00	30.00	809	24.9	3.7
Fiscal year ending December 31, 2025 (Forecast)	-	0.00	-	30.00	30.00		26.9	

(Note) On April 1, 2024, the Company conducted a stock split at a ratio of 3 shares for each common share. For the fiscal year ended December 31, 2023, the actual dividends before the stock split are shown.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending June 30, 2025	8,344	8.3	1,920	7.4	1,623	(41.0)	1,082	(39.6)	40.08
Full year	17,919	12.5	4,586	16.4	4,474	(7.9)	3,006	(7.6)	111.39

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)

Excluded: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2024: 27,000,000 shares

December 31, 2023: 27,000,000 shares

2) Number of treasury shares at the end of the period:

December 31, 2024: 4,996 shares

December 31, 2023: 10,491 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended December 31, 2024: 26,992,893 shares

Fiscal Year ended December 31, 2023: 26,989,674 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	10,928	18.7	3,450	35.7	4,518	42.4	3,124	40.9
December 31, 2023	9,205	(13.2)	2,543	(20.6)	3,172	(16.5)	2,217	(15.0)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2024	115.77	-
December 31, 2023	82.15	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	22,871	20,167	88.2	747.07
December 31, 2023	19,907	17,594	88.4	651.92

(Reference) Equity: As of December 31, 2024: ¥ 20,167 million
As of December 31, 2023: ¥ 17,594 million

*This summary of financial results is not subject to review procedures by a public accountant or audit corporation.

* Proper use of earnings forecasts, and other special matters
(Notes on forward-looking statements)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee that the Company will achieve the results. Actual financial results and the like may differ materially due to various factors. For information on the assumptions underlying the earnings forecasts and precautions regarding the use of the earnings forecasts, please refer to "1. Overview of Operating Results, Etc. (4) Future Outlook" on page 4 of the attached documents.

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1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended December 31, 2024, the global economy generally remained strong, supported by the continued strength of the U.S. economy and economic growth in Asia, including India, despite signs of slowdown in China and Europe. At the same time, a host of concerns remained, including the continuation of high interest rates in Europe and the U.S., price increases due to soaring energy prices and other factors, and the sluggish real estate market in China.

The Japanese economy began to show some positive signs with improvements in the employment and income environment in addition to a boom in inbound consumption following the COVID-19 pandemic. However, a drop in consumption due to inflation caused by the depreciation of the yen, a slowdown in automobile production due to quality fraud problems, and other factors also had an impact.

In the electronic components industry, conditions remained harsh in the first half of the period due to the prolonged adjustment in the information and telecommunications equipment market and stagnant manufacturing in China. In the second half of the period, there were signs of recovery, mainly as excess inventory was used up and the use of generative AI became more widespread. However, the trend toward adjustment reappeared, impacted by factors such as the stagnation of the automobile industry caused by the sharp slowdown of the EV market and concerns about a worsening economy due to continued high interest rates.

Under these circumstances, the Company worked to expand sales and improve the profit structure by developing and expanding sales of new products, enhancing overall equipment efficiency, restructuring the production system and streamlining the production process for the Lead Terminals Business, and improving unprofitable products and orders in order to achieve the medium-term management plan.

The Company also worked on measures aimed at medium- to long-term growth, including strengthening sales promotion activities for high-purity silica glass products (SSG®), which are a new field the Company is focusing on, and making EpiPhotonics Co., Ltd., a developer of PLZT optical switch technology, into a subsidiary.

For the fiscal year under review, the Company posted net sales of 15,924 million yen (up 18.2% year on year), operating profit of 3,939 million yen (up 40.1% year on year), ordinary profit of 4,856 million yen (up 54.0% year on year), and profit attributable to owners of parent of 3,252 million yen (up 70.8% year on year). The period-average exchange rate for the fiscal year under review was 151.69 yen to the U.S. dollar.

Operating results by segment are as follows.

<Lead Terminals Business>

In the Lead Terminals Business, net sales and segment profit (operating profit) for the fiscal year under review were 8,403 million yen (up 13.6% year on year) and 403 million yen (up 799.3% year on year), respectively.

In the automotive electronics market, the early stage of the period was affected by production lags at automakers due to quality fraud problems, while the downturn continued in Europe, China, and other countries due to excess inventory adjustments in the aluminum electrolytic capacitor market. Early in the second half of the period, there was a recovery as these adjustments slowed. Subsequently, the market experienced another adjustment phase, affected by a significant decline in the automobile and in-vehicle related markets in Europe and slowing demand in China.

In the consumer equipment market, adjustments continued in the first half of the period in a rebound from the stay-at-home demand during the COVID-19 pandemic, and the market was supported mainly by demand for air conditioners due to the extremely hot summer. The information and telecommunications equipment market remained strong due to growing IT demand, particularly AI servers, in addition to the completion of adjustments in the first half of the period.

Under these circumstances, in the first half of the period, an unexpected increase in fixed costs due to a sudden increase in orders for some product types temporarily pushed down profits. However, in the second half of the period, earnings began to improve as the Company began to see the results of progress made in establishing a flexible production system, as well as price adjustments to unprofitable products, reviews of small-lot orders, and improvements to productivity. In addition, the Company worked on expanding sales of high-value-added products, such as products for electric double-layer capacitors (EDLCs) as well as new burr-free products with significantly improved vibration resistance and insulation characteristics, with the aim of improving its profit structure over the medium to long term.

In the area of production technology, in order to enhance the product quality and reliability and improve production efficiency, the Company worked to develop laser welding, a new welding technology that realizes high efficiency and high accuracy.

<Optical Components and Devices Business>

In the Optical Components and Devices Business, net sales and segment profit (operating profit) for the fiscal year under review were 7,520 million yen (up 23.9% year on year) and 3,536 million yen (up 27.8% year on year), respectively.

The demand outlook for optical devices for submarine cables experienced an improvement as inventory adjustments that were ongoing since last year due to the partial postponement of submarine cable projects came to an end, new submarine cable projects were announced due to a global trend toward strengthening telecommunications infrastructure, and other factors. This improved demand outlook led to a rapid increase in orders for optical isolators and optical filters, and sales followed a recovery trend. However, in the fourth quarter, there were some temporary adjustments from some customers in what appeared to be a rebound from the rapid increase in orders.

In terms of development, the Company worked on developing small, composite products to meet growing needs in information and telecommunications. The Company also worked on developing a new optical isolator and fan-in/fan-out(*1) composite optical device as a next-generation device to support the shift to multi-core fiber products in submarine cables.

In the area of high-purity silica glass (SSG®) products, which the Company has positioned as a new business, sales of aspherical lenses for ultraviolet rays, for which mass production and supply began last year, increased steadily. In addition, the Company implemented sales promotion activities and shipped samples, aiming for adoption for various applications by semiconductor and related manufacturers and others.

The Company also worked to develop new fields. This included forming a capital and business alliance with WARPSPACE Inc., a company that provides inter-satellite optical communication network services, in November 2024 and strengthening the management structure of EpiPhotonics, a company that conducts research and development for next-generation information and telecommunication infrastructure which became a subsidiary in April 2024.

*1: Fan in/fan out (product)

An optical component that connects each core of a multi-core fiber to the core of a single-core fiber “Fan-in” means combining multiple inputs into a single output, and “fan-out” means branching one input into multiple outputs. For example, when a multi-core fiber with multiple cores built into a single optical fiber cable is used as a submarine cable, the fiber is branched into a single-core fiber in optical repeaters installed every few tens of kilometers to amplify the optical signal and then recombined into a single output.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Current assets increased by 1,595 million yen from the end of the previous fiscal year to 18,331 million yen. This was mainly attributable to notes and accounts receivable - trade, and contract increasing 562 million yen, securities increasing 1,801 million yen, raw materials and supplies increasing 322 million yen, while cash and deposits decreasing 1,537 million yen.

Non-current assets increased by 2,116 million yen from the end of the previous fiscal year to 10,353 million yen. This was mainly attributable to increases of 281 million yen in machinery, equipment and vehicles, net, 612 million yen in land, 291 million yen in goodwill, and 470 million yen in investment securities.

As a result, total assets increased by 3,711 million yen from the end of the previous fiscal year to 28,684 million yen.

(Liabilities)

Current liabilities increased by 422 million yen from the end of the previous fiscal year to 2,945 million yen. This was mainly attributable to accounts payable - trade increasing 224 million yen, income taxes payable increasing 665 million yen, while short-term borrowings decreasing 196 million yen, current portion of long-term borrowings decreasing 309 million yen.

Non-current liabilities decreased by 81 million yen from the end of the previous fiscal year to 2,309 million yen. This was mainly attributable to lease liabilities increasing 58 million yen, deferred tax liabilities increasing 47 million yen, while long-term borrowings decreasing 208 million yen.

As a result, total liabilities increased by 340 million yen from the end of the previous fiscal year to 5,254 million yen.

(Net assets)

Net assets increased by 3,371 million yen from the end of the previous fiscal year to 23,430 million yen. This was mainly attributable to increases of 2,712 million yen in retained earnings and 671 million yen in foreign currency translation adjustment.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents as of December 31, 2024 totaled 9,799 million yen.

Cash flows in each area of activity and their respective contributing factors for the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 3,836 million yen. The major factors of cash inflow were profit before income taxes of 4,856 million yen, depreciation of 947 million yen, while the major factors of cash outflow were increase in trade receivables of 640 million yen, increase in inventories of 306 million yen, income taxes paid of 888 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 3,115 million yen. The major factors of cash inflow was proceeds from withdrawal of time deposits of 450 million yen, while the major factor of cash outflow were payments into time deposits of 956 million yen, purchase of property, plant and equipment of 1,433 million yen, purchase of investment securities of 504 million yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 1,636 million yen. The major factors of cash outflow were repayment of short-term borrowings of 327 million yen, repayments of long-term borrowings of 626 million yen, dividends paid of 539 million yen.

(4) Future Outlook

As for the medium- to long-term market environment surrounding the Company, the automotive electronics market is expected to grow in line with the development of energy-saving vehicles and the evolution of autonomous driving technologies. The information and communication equipment market and the submarine cable market are also expected to expand due to the long-term increase in information and telecommunications volume against the backdrop of more widespread use of generative AI, increase in content capacity, including video streaming, and expansion of cloud services.

To meet these new needs, the Company will continue to develop high value-added products in the Lead Terminals Business and the Optical Components and Devices Business, which are our core businesses, as well as strengthening the quality and stability of the supply system.

The Company is also striving to increase sales and profits from a long-term perspective by entering the high-purity silica glass business, which is a new business the Company is focusing on, and the inter-satellite optical communication market, where new market growth is anticipated.

For the consolidated earnings forecast for the fiscal year ending December 2025, the Company is expected to post net sales of 17,919 million yen (up 12.5% year on year), operating profit of 4,586 million yen (up 16.4% year on year), ordinary income of 4,474 million yen (down 7.9% year on year), and net income attributable to owners of parent of 3,006 million yen (down 7.6% year on year).

It is assumed that the period-average exchange rate was 150.00 yen to the U.S. dollar.

Outlooks by segment are as follows.

<Lead Terminals Business>

Although the aluminum electrolytic capacitor industry began to recover in the second half of 2023, it subsequently entered an adjustment phase again due to factors such as the sluggish European automobile market, and the adjustment is still continuing at present. However, the Company expects sales of lead terminals for high-performance capacitors to increase, due to the spread of EV and hybrid cars, the progress of electronics with the evolution of ADAS, the recovery of the automobile market from spring, and the expansion of the information and telecommunication equipment market with the spread of generative AI, etc. In addition, the Company will continue to work on strengthening profitability by reviewing transactions of unprofitable products, expanding the adoption of high value-added products, reorganizing our production system, and improving production efficiency.

For the earning forecast of the Lead Terminals Business for the fiscal year ending December 2025, net sales of 9,298 million yen (up 10.6% year on year) and operating profit of 746 million yen (up 85.1% year on year) are expected.

<Optical Components and Devices Business>

In the area of optical devices for submarine cables, the Company expects steady demand for the main products, optical isolators and optical filters, supported by an increase in new submarine cable projects against the backdrop of long-term need to expand information and telecommunication capacity, and the expansion of data communication capacity of submarine cables due to technological advances. Furthermore, the spread of generative AI and increased demand for data centers are expected to lead to increased sales of optical components such as Faraday rotators.

The Company will also work to expand the adoption of high-purity silica glass products, which is positioned as a growth business.

For the earnings forecast of the Optical Components and Devices Business for the fiscal year ending December 2025, net sales of 8,621 million yen (up 14.6% year on year) and operating profit of 3,839 million yen (up 8.6% year on year) are expected.

(5) Basic Policy on Profit Allocation and Dividends for the Fiscal Year under Review and the Next Fiscal Year

The Company believes sustainable growth requires aggressive capital investment and investment in R&D and M&A, while maintaining a strong financial structure in order to expand corporate value from a medium- to long-term perspective and respond flexibly to market fluctuations and various business opportunities.

At the same time, the Company will enhance shareholder returns and actively distribute profits in order to meet the expectations of investors.

Shareholder return policy will continue to target a consolidated dividend payout ratio of 30%. In addition, in order to pay attention to stable dividends, the Company will set a DOE of 3% or more as a guideline. In accordance with the policy above, the Company expects to pay the year-end regular dividend for the fiscal year under review of 30 yen per share, an increase of 7 yen from the initial forecast of 23 yen. The end-of-term regular dividend per share for the next fiscal year is expected to be 30 yen.

2. Basic Principle on the Choice of Accounting Standards

The Group has adopted Japanese GAAP for accounting standards, in order to secure comparability of consolidated financial statements from period to period and between companies. As for the adoption of IFRS (International Financial Reporting Standards), the Group will appropriately consider it by taking into account the domestic and international circumstances.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	10,864	9,327
Notes and accounts receivable - trade	2,450	-
Notes and accounts receivable - trade, and contract assets	-	3,013
Electronically recorded monetary claims - operating	937	1,038
Securities	-	1,801
Finished goods	979	1,019
Work in process	351	481
Raw materials and supplies	888	1,210
Other	263	439
Total current assets	16,735	18,331
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,406	1,503
Machinery, equipment and vehicles, net	2,756	3,037
Tools, furniture and fixtures, net	476	567
Land	143	756
Leased assets, net	1,895	1,939
Construction in progress	439	356
Total property, plant and equipment	7,117	8,160
Intangible assets		
Goodwill	-	291
Other	330	608
Total intangible assets	330	899
Investments and other assets		
Investment securities	385	856
Deferred tax assets	210	228
Other	193	208
Total investments and other assets	789	1,292
Total non-current assets	8,237	10,353
Total assets	24,973	28,684

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	476	700
Short-term borrowings	196	-
Current portion of long-term borrowings	517	208
Lease liabilities	127	139
Accounts payable - other	422	379
Income taxes payable	402	1,068
Provision for bonuses	70	74
Provision for bonuses for directors (and other officers)	27	40
Other	282	334
Total current liabilities	2,522	2,945
Non-current liabilities		
Long-term borrowings	208	-
Lease liabilities	1,902	1,961
Deferred tax liabilities	80	127
Retirement benefit liability	123	145
Asset retirement obligations	67	68
Other	8	6
Total non-current liabilities	2,391	2,309
Total liabilities	4,913	5,254
Net assets		
Shareholders' equity		
Share capital	350	350
Capital surplus	5,648	5,658
Retained earnings	12,633	15,345
Treasury shares	(1)	(1)
Total shareholders' equity	18,629	21,353
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	(16)
Foreign currency translation adjustment	1,422	2,093
Total accumulated other comprehensive income	1,429	2,076
Total net assets	20,059	23,430
Total liabilities and net assets	24,973	28,684

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Net sales	13,472	15,924
Cost of sales	7,993	9,039
Gross profit	5,479	6,884
Selling, general and administrative expenses	2,666	2,944
Operating profit	2,812	3,939
Non-operating income		
Interest and dividend income	102	214
Foreign exchange gains	362	788
Other	52	36
Total non-operating income	517	1,039
Non-operating expenses		
Interest expenses	92	108
Litigation expenses	50	-
Factory transfer expenses	26	-
Other	8	14
Total non-operating expenses	177	122
Ordinary profit	3,152	4,856
Extraordinary losses		
Loss on sale and retirement of non-current assets	39	-
Impairment losses	243	-
Total extraordinary losses	283	-
Profit before income taxes	2,869	4,856
Income taxes - current	1,003	1,556
Income taxes - deferred	(38)	46
Total income taxes	965	1,603
Profit	1,904	3,252
Profit attributable to owners of parent	1,904	3,252

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Profit	1,904	3,252
Other comprehensive income		
Valuation difference on available-for-sale securities	6	(23)
Foreign currency translation adjustment	348	671
Total other comprehensive income	354	647
Comprehensive income	2,258	3,900
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,258	3,900

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended December 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	350	5,648	11,223	(0)	17,221
Changes during period					
Dividends of surplus			(494)		(494)
Profit attributable to owners of parent			1,904		1,904
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,409	(0)	1,408
Balance at end of period	350	5,648	12,633	(1)	18,629

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1	1,073	1,074	18,296
Changes during period				
Dividends of surplus				(494)
Profit attributable to owners of parent				1,904
Purchase of treasury shares				(0)
Disposal of treasury shares				-
Net changes in items other than shareholders' equity	6	348	354	354
Total changes during period	6	348	354	1,762
Balance at end of period	7	1,422	1,429	20,059

For the fiscal year ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	350	5,648	12,633	(1)	18,629
Changes during period					
Dividends of surplus			(539)		(539)
Profit attributable to owners of parent			3,252		3,252
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		10		0	11
Net changes in items other than shareholders' equity					
Total changes during period	-	10	2,712	(0)	2,723
Balance at end of period	350	5,658	15,345	(1)	21,353

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	7	1,422	1,429	20,059
Changes during period				
Dividends of surplus				(539)
Profit attributable to owners of parent				3,252
Purchase of treasury shares				(0)
Disposal of treasury shares				11
Net changes in items other than shareholders' equity	(23)	671	647	647
Total changes during period	(23)	671	647	3,371
Balance at end of period	(16)	2,093	2,076	23,430

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,869	4,856
Depreciation	780	947
Impairment losses	243	-
Amortization of goodwill	-	51
Factory move cost	26	-
Loss (gain) on sale and retirement of non-current assets	39	-
Increase (decrease) in retirement benefit liability	18	17
Increase (decrease) in provision for bonuses	4	4
Increase (decrease) in provision for bonuses for directors (and other officers)	(2)	12
Interest and dividend income	(102)	(214)
Interest expenses	92	108
Foreign exchange losses (gains)	(28)	(283)
Litigation expenses	50	-
Decrease (increase) in trade receivables	695	(640)
Decrease (increase) in inventories	360	(306)
Increase (decrease) in trade payables	(234)	177
Increase (decrease) in accounts payable - other	(52)	(40)
Other, net	87	(67)
Subtotal	4,847	4,621
Interest and dividends received	101	212
Interest paid	(93)	(109)
Litigation-related expenses paid	(50)	-
Income taxes paid	(1,227)	(888)
Net cash provided by (used in) operating activities	3,577	3,836
Cash flows from investing activities		
Payments into time deposits	(440)	(956)
Proceeds from withdrawal of time deposits	1,036	450
Purchase of securities	-	(301)
Purchase of property, plant and equipment	(1,398)	(1,433)
Purchase of intangible assets	(209)	(294)
Purchase of investment securities	(55)	(504)
Proceeds from sale of investment securities	2	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(67)
Other, net	31	(7)
Net cash provided by (used in) investing activities	(1,033)	(3,115)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(260)	(327)
Repayments of long-term borrowings	(676)	(626)
Repayments of lease liabilities	(144)	(140)
Purchase of treasury shares	(0)	(0)
Dividends paid	(494)	(539)
Net cash provided by (used in) financing activities	(1,577)	(1,636)
Effect of exchange rate change on cash and cash equivalents	109	274
Net increase (decrease) in cash and cash equivalents	1,076	(639)
Cash and cash equivalents at beginning of period	9,362	10,439
Cash and cash equivalents at end of period	10,439	9,799

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Segment Information, Etc.)

【Segment Information】

1. Overview of reportable segments

(1) Method for determining reportable segments

The Group's reportable segments are the Company's components for which separate financial information is available and which are subject to periodic reviews by the Board of Directors to determine the allocation of management resources and evaluate their performance.

The Company formulates comprehensive domestic and overseas strategies for the products it handles as well as develops business activities.

The Group consists of segments for each product, and positions two, namely Lead Terminals Business and Optical Components and Devices Business, as its reportable segments.

(2) Types of products and services belonging to each reportable segment

The Lead Terminals Business mainly manufactures and sells components for aluminum electrolytic capacitors.

The Optical Components and Devices Business mainly manufactures and sells components for optical communication.

2. Method for measurements of net sales, income or loss, asset, and other items for each reportable segment

The income of each reportable segment indicates the figure based on operating profit.

Also, although assets held by cross-sectional departments such as management departments are included and displayed under "Adjustments," depreciation arising from such assets are allocated to individual business segments according to inhouse standards over the process to calculate income of each segment.

3. Information regarding net sales, profit or loss, asset, and other items for each reportable segment, and breakdown of revenue.

Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segment			Adjustments (Note)1	Total (Note)2
	Lead Terminals Business	Optical Components and Devices Business	Total		
Net sales					
Japan	3,480	1,375	4,856	—	4,856
China	1,558	101	1,659	—	1,659
Asia	2,327	19	2,346	—	2,346
U.K.	—	2,010	2,010	—	2,010
U.S.A.	—	2,543	2,543	—	2,543
Others	33	21	55	—	55
Revenue from contracts with customers	7,400	6,071	13,472	—	13,472
Sales to outside customers	7,400	6,071	13,472	—	13,472
Inter-segment sales or transfers	—	—	—	—	—
Total	7,400	6,071	13,472	—	13,472
Segment income	44	2,767	2,812	—	2,812
Segment assets	7,636	4,473	12,110	12,862	24,973
Other items					
Depreciation	449	330	780	—	780
Impairment losses	—	243	243	—	243
Increase in property, plant and equipment and intangible assets	1,377	259	1,636	303	1,940

(Note) 1. The amount of adjustments are follows:

(1) The amount of adjustments of 12,862 million yen for segment assets is company-wide assets that have not been allocated to reportable segments. Company-wide assets are mainly cash and deposits, land, buildings, investment securities, etc. not attributable to the reportable segments.

(2) The increase of 303 million yen in property, plant and equipment intangible assets is mainly due to investments in internal core systems that do not belong to reportable segments.

2. The segment profit is consistent with operating profit as reported in the Consolidated Statements of Income.

Current consolidated fiscal year (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segment			Adjustments (Note)1	Total (Note)2
	Lead Terminals Business	Optical Components and Devices Business	Total		
Net sales					
Japan	3,791	966	4,757	—	4,757
China	1,854	280	2,135	—	2,135
Asia	2,736	21	2,758	—	2,758
U.K.	—	2,796	2,796	—	2,796
U.S.A.	—	3,298	3,298	—	3,298
Others	21	156	178	—	178
Revenue from contracts with customers	8,403	7,520	15,924	—	15,924
Sales to outside customers	8,403	7,520	15,924	—	15,924
Inter-segment sales or transfers	—	—	—	—	—
Total	8,403	7,520	15,924	—	15,924
Segment income	403	3,536	3,939	—	3,939
Segment assets	8,572	5,534	14,107	14,577	28,684
Other items					
Depreciation	585	362	947	—	947
Amortization of goodwill	—	51	51	—	51
Increase in property, plant and equipment and intangible assets	342	685	1,028	1,025	2,053

(Note) 1. The amount of adjustments are follows:

(1) The amount of adjustments of 14,577 million yen for segment assets is company-wide assets that have not been allocated to reportable segments. Company-wide assets are mainly cash and deposits, land, investment securities, etc. not attributable to the reportable segments.

(2) The increase of 1,025 million yen in property, plant and equipment intangible assets is mainly due to investments in land and internal core systems that do not belong to reportable segments.

2. The segment profit is consistent with operating profit as reported in the Consolidated Statements of Income.

4. Information regarding impairment losses or goodwill on fixed assets by reportable segment

(Significant changes in the amount of goodwill)

In the Optical Components and Devices Business segment, goodwill has been generated as a result of the acquisition of all shares of EpiPhotonics Co., Ltd. and including it in the scope of consolidation from the semi-annual consolidated fiscal period. The increase in goodwill resulting from this event was 343 million yen for the fiscal year.

(Revenue Recognition)

Breakdown of revenue from contracts with customers is described in “Notes (Segment Information, Etc.)”

(Per Share Information)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Net assets per share	743.23 yen	867.95 yen
Basic earnings per share	70.55 yen	120.50 yen

(Note) 1. Diluted earnings per share is not stated as there are no diluted shares.
2. On April 1, 2024, the Company conducted a stock split at a ratio of 3 shares for each common share. “Net assets per share“ and "Basic earnings per share" are calculated assuming that the stock split was carried out at the beginning of the previous consolidated fiscal year.
3. The basis for calculation of basic earnings per share is as follows:

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Profit attributable to owners of parent	1,904 million yen	3,252 million yen
Amount not attributable to common shareholders	－million yen	－million yen
Profit attributable to owners of parent for common shares	1,904 million yen	3,252 million yen
Average number of shares outstanding during the period of common shares	26,989,674 shares	26,992,893 shares

(Significant Subsequent Events)

Not applicable.